

External Relations and
 Communications
 Ph. +39 06 83138120
 Fax +39 06 83138372
 e-mail: ufficio.stampa@terna.it

 Investor Relations
 Ph. +39 06 83138145
 Fax +39 06 83138389
 e-mail: investor.relations@terna.it
www.terna.it

TERNA: BOARD APPROVES THE RESULTS AS AT SEPTEMBER 30, 2006

Revenues at 996.3 million euro (784.4 million in the 9M05, +27 %)
EBITDA at 731.1 million euro (552.7 million in the 9M05, +32.3 %)
EBIT at 582.9 million euro (429.4 million in the 9M05, +35.7 %)
Net income at 299.4 million euro (234.9 million in the 9M05, +27.5 %)
Investments at 202.6 million euro (144 million in the 9M05, +40.7%)

Rome, November 8, 2006 – The Board of Directors of TERNAL SpA, chaired by Luigi Roth, today examined and approved the results - presented by the CEO Flavio Cattaneo - of the third quarter and of the first nine months of 2006, which closes with net income equal to 299.4 million euro, posting a 27.5% rise on the same period of the previous year.

CONSOLIDATED FINANCIAL RESULTS

Millions of euro	First 9 Months 2006	First 9 Months 2005	Change
Revenues	996.3	784.4	27%
EBITDA (Gross Operating Margin)	731.1	552.7	32.3%
EBIT (Operating Result)	582.9	429.4	35.7%
Net income	299.4	234.9	27.5%

The CEO, Flavio Cattaneo, commented: "The positive trend of the first two quarters continues in both financial and strategic terms. The indicators bear witness to our focus towards safe management of the grids and show that development investments have increased by approximately 44% compared to last year. The agreement signed for the acquisition of Edison Rete and AEM Trasmissione, which will soon be included in the corporate perimeter, also constitutes a further important target achieved. Furthermore, the listing of Terna Participações on the Brazilian stock exchange has been successfully completed. Our shareholders can not only be confident in a global increase in the value of the Company but can also count on constant capital remuneration through the interim dividend shortly due for payment".

CONSOLIDATED FINANCIAL RESULTS

Revenues in the first nine months of 2006, equal to 996.3 million euro (850.5 million euro for the Parent Company, 140.8 million euro for the Brazilian subsidiaries and 5 million euro for the subsidiary RTL), record an increase of 211.9 million euro (+27% compared to the 784.4 million euro of the first nine months of 2005). This increase is chiefly attributable to higher revenues for the transmission of electricity on the Italian national transmission grid for 160.7 million euro, of

which approximately 51 million derive from consolidation of the TSO (Transmission System Operator) business activities which were not present in the first nine months of 2005. The TERNA Group has also reported revenues of 47.6 million euro resulting from fee adjustment to offset fee deficit relating to the full year 2005, according to the provisions of resolution 162/06 of the Italian Authority for Electricity and Gas.

Other Electricity Batches equal to 31 million euro have also been recorded and these relate to fees due for metering and dispatching activities.

Higher revenues have also been recorded for the transmission of electricity in the Brazilian network for 23.9 million euros (from 116.5 to 140.4 million, +20.5 %), essentially due to the effects of appreciation of the real against the euro.

Operating costs equal to 265.2 million euro as at September 30 (242.8 million euro for the Parent Company and 22.4 million euro for the subsidiaries) have experienced a 33.5 million euro increase compared to the same period of the previous year (+14.5%) essentially due to acquisition of the TSO activities and of RTL, which were not present as at September 30 of last year.

EBITDA (Gross Operating Margin) stands at 731.1 million euro (607.7 million euro for the Parent Company, 118.5 million euro for the Brazilian subsidiaries and 4.9 million euro for the subsidiary RTL), with an increase of 178.4 million euro (+32.3%) compared to the figure posted in the same period of 2005. Ebitda margin stands at 73%.

EBIT (Operating Result) is equal to 582.9 million euro, up by 153.5 million euro compared to the 429.4 million euro of the same period of 2005 (+35.7%), despite the 24.9 million euro rise in amortisation and depreciation, chiefly due to acquisition of the TSO activities and of RTL, which were not present as at September 30, 2005, to the trends in fees and to the greater energy transmitted in the period under exam.

Net income for the period stands at 299.4 million euro (up by 27.5% compared to the 234.9 million euro of the first nine months of 2005), after reporting net financial charges for approximately 73.5 million and income taxes for 210 million.

The consolidated balance sheet as at September 30, 2006 records **Shareholders' Equity** equal to 1,953.3 million euro (against the 1,902.2 million euro as at December 31, 2005) while **Net Financial Debt**, taking into account the amount due for the interim dividend that has yet to be distributed (106 million euro), is equal to 2,117.5 million euro (compared to the 2,268.7 million euro as at December 31, 2005). Hence the **debt/equity** ratio as at September 30, 2006 is equal to **1.08**.

Investments in the first nine months of 2006 are equal to 202.6 million euro, up by 40.7% compared to the same period of the previous year, of which 188.7 million refer to investments in tangible fixed assets made in Italy (+35%), confirming the timely implementation of the Development Plan for the National Transmission Grid.

Group **Headcount** at the end of September 2006 stands at 3,441, down by one employee compared to the figure as at December 31, 2005.

CONSOLIDATED FINANCIAL RESULTS OF THE THIRD QUARTER

Millions of euro	3Q 2006	3Q 2005	% Change
Revenues	337.9	284.8	+ 18.6%
EBITDA (Gross Operating Margin)	253.6	204.6	+ 23.9%
EBIT (Operating Result)	204.3	163.1	+ 25.3%
Net income	109.4	94.6	+ 15.6%

In the third quarter Group **revenues** stand at 337.9 million euro, up by 53.1 million euro (+18.6%) compared to the same period of 2005, of which 43.3 million euro refer to fees due to the Group for use of the National Transmission Grid and 3.2 million refer to the Brazilian subsidiaries. Revenues to the order of 10.4 million euro have also been recorded for Other Electricity Batches.

Operating costs total 84.3 million euro, of which 56.5 million relate to staff.

EBITDA stands at 253.6 million euro, posting a 49 million change on the same period of last year, with a 23.9% rise. Ebitda margin stands at 75%.

EBIT is equal to 204.3 million euro, recording a 41.2 million euro increase (+25.3%) compared to the same period of 2005. In the nine months 2006, 49.3 million euro in amortisation and depreciation was allocated.

Net income stands at 109.4 million euro, recording a 14.8 million euro increase (+15.6%) compared to the same period of 2005.

SIGNIFICANT EVENTS AFTER SEPTEMBER 30, 2006 AND BUSINESS OUTLOOK

On October 16 TERNÀ signed the agreements for acquisition of Edison Rete and AEM Trasmisione, thus integrating 2,763 km and 1,095 km respectively of high voltage electricity transmission line and bringing the percentage of the National Transmission Grid held by the TERNÀ Group up to 97.6%.

At the start of listing on October 27, trading of the Terna Participações share began on the São Paulo Brazilian Stock Exchange. Due to the considerable demand, the Global Offering was increased and the price was set up at 21 Reais, at the top of the price range.

The Group will continue to implement the provisions of Prime Minister's Decree 11/5/2004 with particular regard to unification of the National Transmission Grid through acquisition of the remaining portions of the NTG. It will also continue to scout for foreign investment opportunities affording particular attention to profitability and limited risk profile.

At 6.00 p.m. (Italian time) a conference call will be held to illustrate the results of the first nine months of 2006 to financial analysts and institutional investors. Journalists are also invited to listen in to the call. Support material for the conference call will be available on the website www.terna.it, in the Investor Relations section, from commencement of the call. In the same section it will also be possible to follow the presentation through audio webcasting.

The reclassified Consolidated Income Statement, Balance Sheet and Statement of Cash Flows of the Terna Group are attached.

Reclassified Income Statement

<i>Millions of euro</i>		January 1 – September 30		
	2006	2005	Change	%
Revenues:				
Grid Usage Fee	913.7	729.1	184.6	25.3%
Other electricity batches	31.0	0	31.0	100.0%
Other sales and services	31.7	40.8	-9.1	-22.3%
Other income and revenues	19.9	14.5	5.4	37.2%
Total revenues	996.3	784.4	211.9	27.0%
Operating costs:				
- Personnel costs	168.6	127.7	40.9	32.0%
- Services and use of third party assets	94.1	82.1	12.0	14.6%
- Materials	12.9	14.0	-1.1	-7.9%
- Other costs	15.2	24.1	-8.9	-36.9%
- Capitalised costs	-25.6	-16.2	-9.4	58.0%
Total operating costs	265.2	231.7	33.5	14.5%
EBITDA	731.1	552.7	178.4	32.3%
Depreciation	148.2	123.3	24.9	20.2%
EBIT	582.9	429.4	153.5	35.7%
- Net financial expenses	-73.5	-57.0	-16.5	28.9%
INCOME BEFORE TAXES	509.4	372.4	137.0	36.8%
- Income taxes for the period	210.0	137.5	72.5	52.7%
-NET INCOME FOR THE PERIOD	299.4	234.9	64.5	27.5%

Reclassified Balance Sheet

Millions of euro

	as at 30.09.2006	as at 31.12.2005	Change	%
Net Fixed Assets				
-Intangible	307.4	306.2	1.2	0.4%
-Tangible	4,727.4	4,646.3	81.1	1.7%
- Financial	12.9	13.4	-0.5	-3.7%
Total	5,047.7	4,965.9	81.8	1.6%
Net Current Assets				
- Trade receivables	1,070.5	1,026.2	44.3	4.3%
- Inventories	27.2	21.2	6.0	28.3%
- Other assets	21.7	20.9	0.8	3.8%
- Suppliers	1,040.8	975.0	65.8	6.7%
- Net tax payables	161.4	16.9	144.5	855.0%
-Other liabilities	372.3	255.4	116.9	45.8%
Total	-455.1	-179.0	-276.1	154.2%
Gross capital employed	4,592.6	4,786.9	-194.3	-4.1%
Provisions	627.8	616.0	11.8	1.9%
Net capital employed	3,964.8	4,170.9	-206.1	-4.9%
Shareholders' equity	1,953.3	1,902.2	51.1	2.7%
Net total indebtedness	2,011.5	2,268.7	-257.2	-11.3%
Total	3,964.8	4,170.9	-206.1	-4.9%

TERNA Group's Cash Flow

Millions of euro

	30.09.2006	30.09.2005	Change
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	76.6	231.8	-155.2
Net income	299.4	234.9	64.5
Depreciation	148.2	123.3	24.9
Net change in funds	11.8	39.5	-27.7
Cash flow from operations	459.4	397.7	61.7
Change in working capital:	276.1	-3.3	279.4
Operating Cash Flow	735.5	394.4	341.1
Investments			
- Tangible assets	-194.1	-141.5	-52.6
- Intangible assets	-8.5	-2.5	-6.0
- Other changes in fixed assets	-33.3	-19.9	-13.4
Total cash flow from (used in) investing activities	-235.9	-163.9	-72
Change in medium and long-term loans	-66.6	84.6	-151.2
Dividends and other capital transactions	-250.0	-140.0	-110.0
Total cash flow from (used in) financial activities	-316.6	-55.4	-261.2
Total cash flow for the period	183.0	175.1	7.9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	259.6	406.9	-147.3